

Message Text

CONFIDENTIAL

PAGE 01 LONDON 01325 301134Z

15

ACTION EUR-25

INFO OCT-01 EA-11 IO-14 ISO-00 CIAE-00 DODE-00 NSAE-00

NSCE-00 SSO-00 USIE-00 INRE-00 PM-07 H-03 INR-10 L-03

NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20 SAM-01 AID-20

EB-11 CIEP-02 TRSE-00 STR-08 OMB-01 CEA-02 COME-00

FEA-02 INT-08 SCI-06 DRC-01 OIC-04 NEA-11 /190 W

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O R 301121Z JAN 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 7524

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION USUN NEW YORK

C O N F I D E N T I A L LONDON 01325

STATE ALSO FOR T/IEP AND FLOYD EUR/NE

E.O. 11652: GDS

TAGS: ENRG, UK

SUBJECT: ENERGY: UK COMMENTS ON FRENCH PAPER ON EC
POSITION AT WASHINGTON CONFERENCE

REF: BRUSSELS 0558

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LONDON 01325 301134Z

BEGIN SUMMARY: FENN (FCO, ENERGY) HAS TOLD US ON

CONFIDENTIAL BASIS THAT HMG WILL TAKE ADVANTAGE OF VAGUENESS OF FRENCH PROPOSALS FOR UN-SPONSORED WORLD ENERGY CONFERENCE, ETC. TO GIVE AMBIGUOUS REPLY DESIGNED TO BRING FRENCH ALONG IN EC CONTEXT. BRITISH WILL NEITHER DIRECTLY SUPPORT NOR OPPOSE UN CONFERENCE IDEA BUT CERTAINLY WILL NOT ACCEDE TO ANY SUGGESTION OF AUTONOMOUS ACTION BY EACH MAJOR CONSUMING ENTITY IN DEALING WITH PRODUCERS. END SUMMARY.

1. WE HAVE DISCUSSED MAIN POINTS OF FRENCH PAPER ON EC POSITION AT WASHINGTON CONFERENCE WITH FENN (FCO, ENERGY). HE HAS GIVEN US PERTINENT HMG VIEWS ON CONFIDENTIAL BASIS.

2. FENN SAYS FRENCH PAPER OBVIOUSLY WAS LAUNCHED IN SOME HASTE, AND FRENCH OFFICIALS HAVE HAD DIFFICULTY IN EXPLAINING RATHER VAGUE, OPAQUE LANGUAGE USED. BRITISH WILL TRY TO TAKE ADVANTAGE OF THIS TO REPLY IN "NUANCE" FASHION TO PAPER IN EFFORT TO BRING THEM ALONG WITHIN EC CONTEXT. HMG PROBABLY WILL TAKE LINE FRENCH PAPER APPEARS TO CONTAIN IDEAS OF POSSIBLE INTEREST WHICH UK WOULD LIKE TO EXPLORE FURTHER, BUT FIRST FRENCH SHOULD BE MORE PRECISE.

3. ON FRENCH PROPOSAL FOR UN-SPONSORED WORLD CONFERENCE FENN SAYS BRITISH WILL NOT DIRECTLY SUPPORT OR OPPOSE. HMG AGREES WITH OBJECTIVE OF BRINGING DEVELOPING COUNTRIES INTO CONSUMER-PRODUCER DIALOGUE BUT IS NOT YET PERSUADED FRENCH APPROACH IS PROPER WAY. BRITISH HAVE OBVIOUS RESERVATIONS ABOUT UN FORUM BUT DO NOT WANT TO DISMISS FRENCH PROPOSAL OUT OF HAND.

4. ON DIVISION OF LABOR INTO FIVE LEVELS, TO BE DEALT WITH IN VARIOUS FORA, FENN NOTES THAT ALL OF US HAVE BEEN GRAPPLING WITH THIS PROBLEM. UK IS HOPING THAT WASHINGTON MEETING WILL SHED MORE LIGHT ON FOLLOW-UP PROCEDURAL ASPECTS. PRESUMABLY, HMG WILL AVOID PRIOR COMMITMENT ON QUESTION.

5. ON AUTONOMY OF EACH MAJOR CONSUMING ENTITY IN
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PAGE 03 LONDON 01325 301134Z

DEALING WITH PRODUCERS, FENN CHARACTERIZED THIS AS "MOST REMARKABLE FEATURE" AND AN "ODD IDEA." BRITISH BELIEVE CRUCIAL QUESTIONS OF PRICE AND SUPPLY CANNOT POSSIBLY BE SOLVED ON EXCLUSIVELY EC BASIS. ANY EC SOLUTION MUST BE CONSISTENT WITH APPROACH TAKEN BY WIDER INTERNATIONAL COMMUNITY. TO DO OTHERWISE, IN FENN'S OPINION BE COUNTERPRODUCTIVE.

6. FENN REITERATED IN PARENTHETICAL COMMENT HIS BELIEF THAT US MAY BE TOO OPTIMISTIC ABOUT POSSIBILITIES FOR OIL PRICE ROLLBACK. HE DOUBTED SAUDIS COULD CONVINCE OTHER PRODUCERS, ESPECIALLY IRANIANS, TO GO ALONG WITH PRICE REDUCTIONS OR THAT SAUDIS WOULD REDUCE PRICE UNILATERALLY. FENN OBSERVED HOWEVER THAT DISCUSSION OF PRICING CRITERIA, BUY-BACK" PRICE FORMULAE, ETC. WOULD BE ESSENTIAL ASPECT OF WASHINGTON CONFERENCE.

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